Servus Place Quarterly Report

Second Quarter 2010

City of St. Albert
Servus Credit Union Place
Income Statement of Revenue and Expenditures
For the Period Ended June 30, 2010

	2010 Q2 Actual	2010 Q2 Budget	Variance	2010 YTD Actual	2010 YTD Budget	Variance	2010 Forecast Submission
Memberships	$ 614,285	$ 604,500	$ 9,785	$1,288,484	$1,259,900	$ 28,584	$ 2,370,100
Admission Fees	218,875	251,200	(32,325)	546,373	558,800	(12,427)	1,027,600
Lesson Fees	170,584	149,500	21,084	364,029	324,000	40,029	816,500
Rentals - Facility	319,609	264,400	55,209	804,088	739,500	64,588	1,564,500
Advertising/Sponsorship	134,109	139,500	(5,391)	268,002	273,900	(5,898)	565,200
Sale of Goods (Commission & Vending)	20,482	21,000	(518)	46,435	43,600	2,835	86,700
Miscellaneous Revenue	662	-	662	1,476	-	1,476	30,800
Total Revenue	**$1,478,606**	**$1,430,100**	**$ 48,506**	**$3,318,887**	**3,199,700**	**$ 119,187**	**$ 6,461,400**
Personnel Costs	$ 987,829	$ 975,400	$ 12,429	$2,002,811	$1,953,000	$ 49,811	$ 4,107,700
Contracted & General Services	141,496	188,000	(46,504)	328,224	362,000	(33,776)	738,000
Utilities	161,391	161,900	(509)	409,957	420,500	(10,543)	829,700
Materials, Goods & Supplies	77,810	97,200	(19,390)	166,273	208,700	(42,427)	421,500
Internal Debt Payments	-	-	-	-	-	-	-
Transfer to Reserves	10,852	3,900	6,952	28,845	11,900	16,945	54,100
Transfer to Operations - Aquatics	211,019	178,000	33,019	355,089	362,000	(6,911)	736,600
Transfer to Operations - Public Works	193,554	183,000	10,554	375,870	366,000	9,870	732,100
Total Expenditures	**$1,783,951**	**$1,787,400**	**$ (3,449)**	**$3,667,069**	**$3,684,100**	**$ (17,031)**	**$ 7,619,700**
Net Surplus (Deficit)	**$(305,345)**	**$(357,300)**	**$ 51,955**	**$(348,182)**	**$(484,400)**	**$ 136,218**	**$(1,158,300)**
Recovery Rate	83%	80%	3%	91%	87%	4%	85%
Cost Centre 3171 (from Recreation)							
Total Revenue	$ 70,496	$ 66,400	$ 4,096	$ 215,860	$ 224,100	$ (8,240)	$ 477,000
Total Expenses	34,901	33,500	1,401	66,014	67,100	(1,086)	33,000
Operating Surplus (Deficit)	**$ 35,595**	**$ 32,900**	**$ 2,695**	**$ 149,846**	**$ 157,000**	**$ (7,154)**	**$ 344,000**
Total Operating Surplus (Deficit)	**$(269,750)**	**$(324,400)**	**$ 54,650**	**$(198,336)**	**$(327,400)**	**$ 129,064**	**$ (814,300)**

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The Servus Place deficit for the second quarter (Q2) 2010 is $305,345. The recovery rate for the second quarter is 83%. The YTD deficit is $348,182 bringing the cost recovery rate to 91%.

Revenue Analysis

Total revenue for Q2 2010 is $1,478,606. Total revenue variance for Q2 2010 is $48,506 (3.4%) above budget projections.

- Memberships are above budget projections by $9,785 (1.6%).
- Admission Fees are below budget projections by $32,325 (-12.9%).
- Lesson Fees are above budget projections by $21,084 (14.1%).
- Rentals - Facility are above budget projections by $55,209 (20.9%)
- Advertising/Sponsorship is below budget projections by $5,391 (-3.9%)
- Sale of Goods (Commission & Vending) is below budget projections by $518 (-2.5%)
- Miscellaneous Revenue is above budget projections by $662

Total revenue for YTD 2010 is $3,318,887. Total revenue variance for YTD 2010 is $119,187 (3.7%) above budget projections.

- Memberships are above budget projections by $28,584 (2.3 %).
- Admission Fees are below budget projections by $12,427 (-2.2%).
- Lesson Fees are above budget projections by $40,029 (12.4%).
- Rentals - Facility are above budget projections by $64,588 (8.7%)
- Advertising/Sponsorship is below budget projections by $5,898 (-2.2%)
- Sale of Goods (Commission & Vending) is above budget projections by $2,835 (6.5%)
- Miscellaneous Revenue is above budget projections by $1,476.

Membership

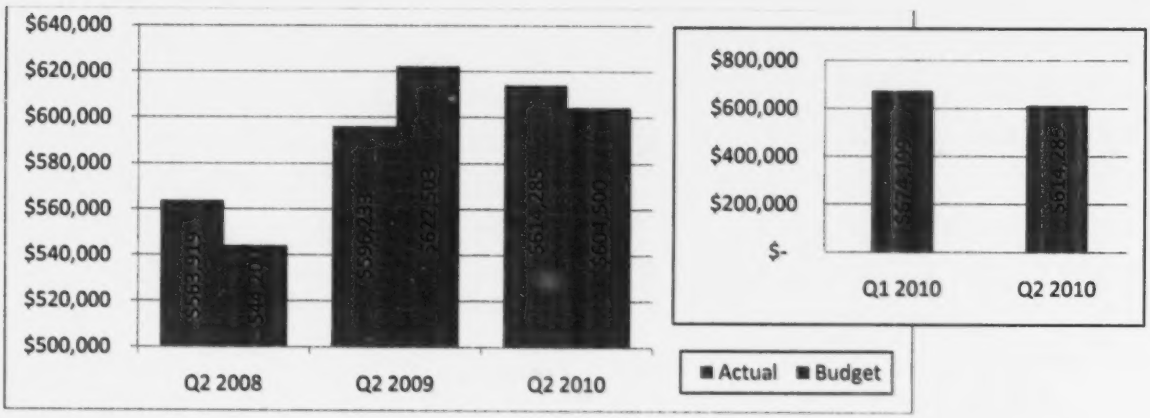
Memberships	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	2010 YTD Actual	2010 YTD Budget	2010 YTD Variance
Adult	3,142	2,887	2,909	2,857	52	3,084	2,977	107
Child	1,048	687	486	933	-447	514	972	-459
Family	1,624	1,898	2,117	1,701	416	2,145	1,773	372
Senior	564	598	658	537	121	735	559	176
Student	422	485	521	365	156	527	380	147
Youth	539	407	350	465	-115	364	485	-121
Total Members	7,338	6,964	7,042	6,858	184	7,369	7,147	221
Total Paid Membership Units	6,107	5,457	5,370	5,519	-149	5,676	5,751	-76
Corporate Memberships	1,756	1,915	2,089			2,071		
Membership Revenue	$563,919	596,233	$614,285	$604,500	$ 9,785	$1,288,484	$1,259,900	$ 28,584

Membership revenue for Q2 2010 is $614,285 which is 1.6% above budget and 3.0% above the second quarter of 2009.

The average number of family membership units per month for Q2 2010 is 445, which equates to 4.8 individual members per family membership unit.

There were 2,089 corporate members in Q2 2010, which is a 9.1% increase over Q2 2009. The corporate members in Q2 2010 make up 29.7% of the total members.

Membership Revenue

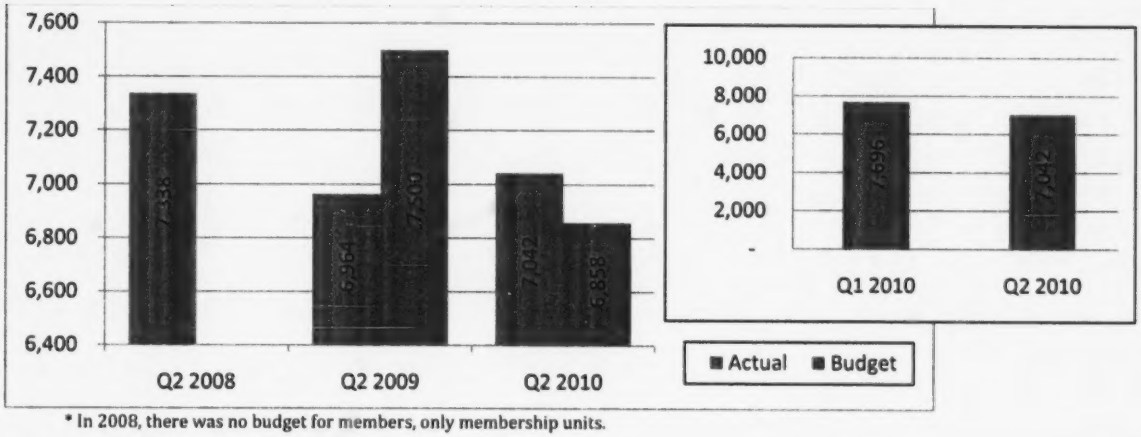


Membership revenues for Q2 2010 is lower than Q1 as the first quarter of the year is typically the highest revenue quarter of the year. Over the past three years, Q2 has seen continued steady growth in the membership revenues.

The Q2 2010 budget is based on a blended rate of $36.51. The actual blended rate for Q2 2010 is $38.15, which is an increase of $1.72 over the blended rate for Q2 2009 ($36.43).

This increase in the blended rate is due primarily to the increased numbers in the family, adult, student and senior membership categories which are currently the higher membership price categories.

Total Members

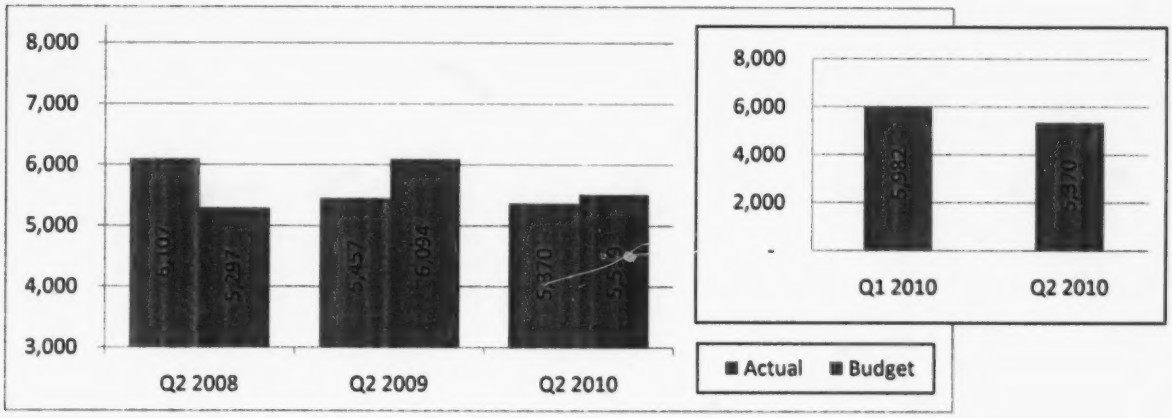


* In 2008, there was no budget for members, only membership units.

In Q2 2010, there was an average of 7,042 members per month, which is 2.7% above budget and 1.1% above Q2 2009. Although, the number of memberships is down slightly from 2008, membership revenues continue to grow.

Trending over the past 2 years for Q2 has seen slight growth with the exception of 2008 where a campaign selling 4 months of membership for the price of 3 was taking place. This campaign began in Q1 of 2008, with multiple 3 for 4 packages being purchased and used throughout 2008.

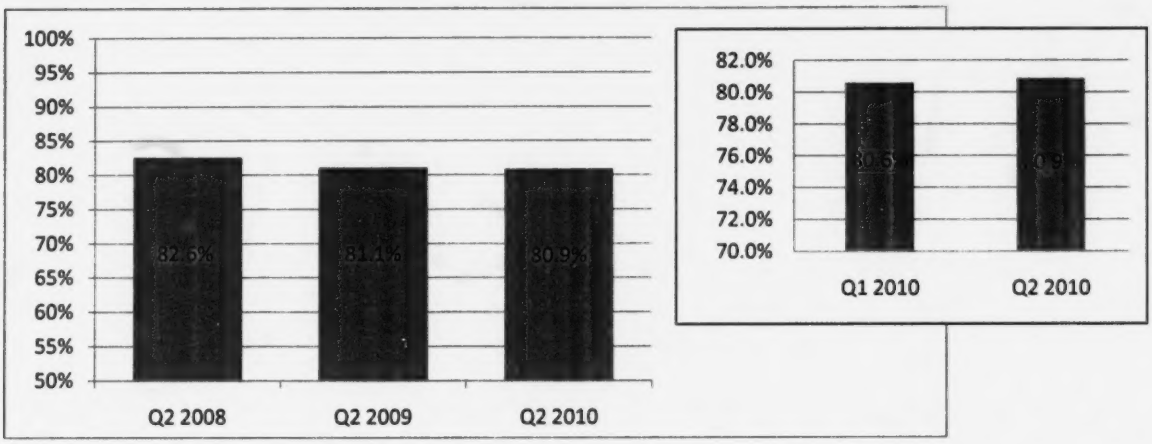
Membership Units



Membership units for Q2 2010 are 5,370, which is 2.7% below budget and 1.6% below Q2 2009. Membership totals for Q2 are lower than Q1 as the first quarter of the year are normally the highest membership totals of the year

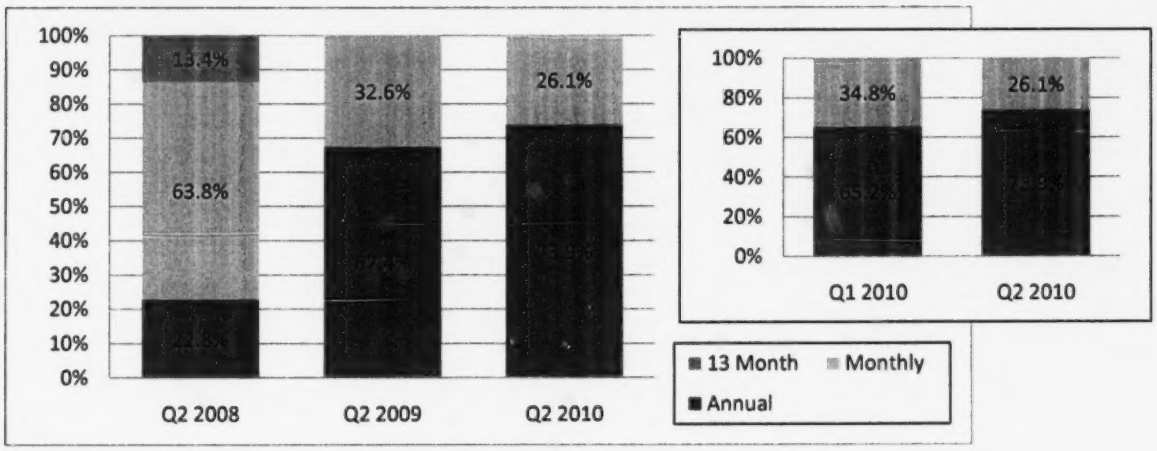
Members are the number of individual people who have paid for access to the facility and membership units are the paid number of memberships (i.e.: 1 family membership unit could possibly equal 4 members).

Percentage of Members who are St. Albert Residents



In Q2 2010, the average percentage of members who are St. Albert residents is 80.9%. Efforts are currently underway by Servus Place Business & Marketing to expand Servus Place's market reach.

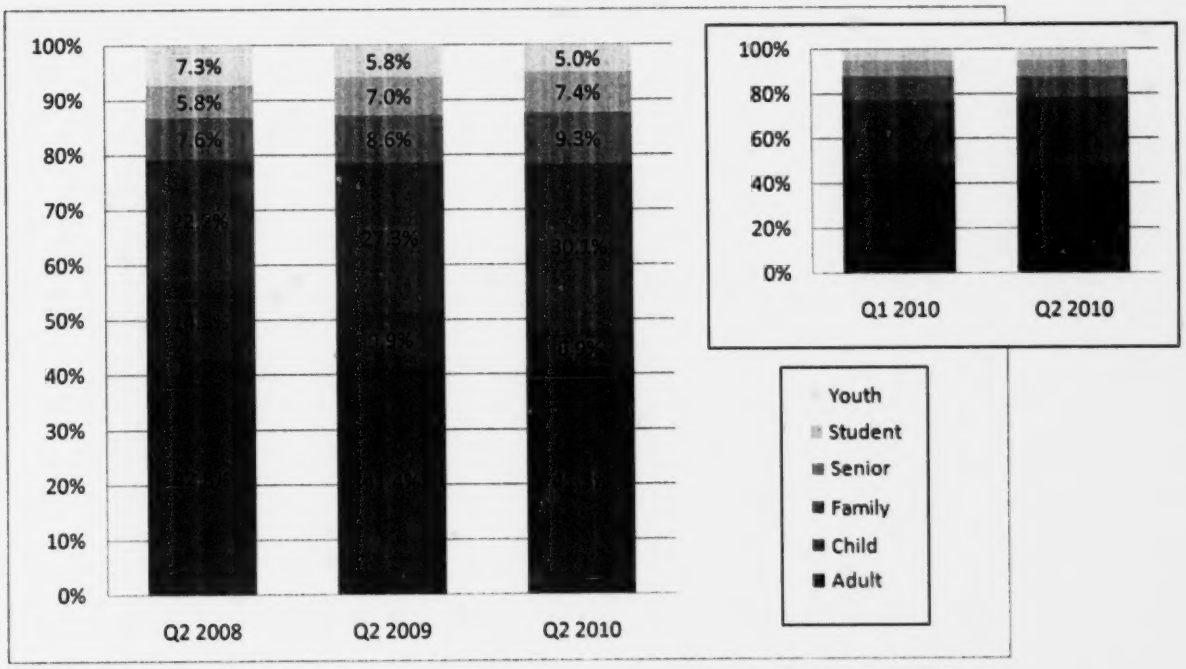
Members by Type



In Q2 2010, annual memberships accounted for 73.9% of the total memberships, a 6.5% increase over Q2 2009, and a 51.1% increase over Q2 2008. Annual memberships have seen significant growth over the last two years. Annual membership totals are the key indicators of sustained monthly revenues that contribute, as a large driver, to the facility financial model.

Members by type indicate a slightly higher ratio of annual vs. monthly members for Q2 compared to Q1. This trend began in Q3 of 2008 following the implementation of the membership strategy to increase the annual membership base total as recommended by the 2008 Sierra Systems report.

Members by Demographic



In Q2 2010, there has been a 2.8% increase in the number of family members, a 3.0% decrease in the number of child members compared to Q2 2009. All other membership categories have remained relatively consistent.

The decrease in membership units can be correlated to the transfer of individual child and youth members from individual categories to the increases in the family unit totals. A family unit is counted as one regardless of the number of individuals included in the family unit.

Day Admissions

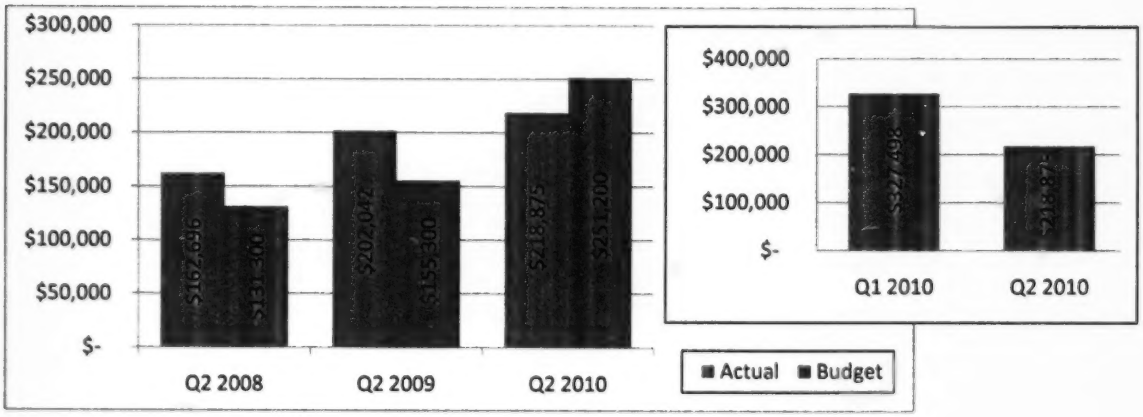
Day Admissions	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	2010 YTD Actual	2010 YTD Budget	2010 YTD Variance
Adult	6,914	8,771	8,820	11,146	-2,326	22,364	24,613	-2,249
Child	10,247	10,932	12,256	12,738	-482	29,724	28,129	1,595
Family	2,160	2,489	3,036	3,184	-148	7,474	7,032	442
Senior	667	874	662	1,274	-612	1,652	2,813	-1,161
Youth	1,980	2,664	2,957	3,503	-546	7,933	7,736	197
Total Paid Passes	**21,968**	**25,730**	**27,731**	**31,845**	**-4,114**	**69,147**	**70,323**	**-1,176**
Total Membership Swipes	67,295	79,721	80,592			199,890		
Total Day Uses	**89,263**	**105,451**	**108,323**			**269,037**		
Total Complimentary Passes	557	1,288	1,259			3,317		
Paid Pass Revenue	$ 154,829	$192,024	$ 208,374	$ 243,000	$(34,626)	$ 523,005	$ 535,000	$(11,995)
Childminding Revenue	$ 7,867	$ 10,018	$ 10,501	$ 8,200	$ 2,301	$ 22,741	$ 20,200	$ 2,541
Community Drop-In Program Revenue	N/A	$ -	$ -	$ -	$ -	$ 1,278	$ 3,600	$(2,322)
Total Admission Fees Revenue	**$162,696**	**$202,042**	**$218,875**	**$251,200**	**$(32,325)**	**$546,373**	**$558,800**	**$(12,427)**

* As of July 2010, discounted rate offered to St. Albert school groups of 50% child and 40% youth no longer applies as per the Servus Place Review recommendation. St. Albert Schools now received the large group discount of 10%.

In Q2 2010, day admission revenue is $218,875 which is below budget by 12.9% but 8.3% above Q2 2009.

The paid pass blended rate for Q2 2010 is $7.47 against a budget blended rate for Q2 of $7.63. This blended rate represents the average admission price per pass. In 2009, Servus Place saw a trend of increased day admissions which continued for the first quarter of 2010, but has decreased slightly in Q2 against the 2010 budget. Day admissions overall are strong however there has been a slight levelling off in Q2.

Day Admission Revenue



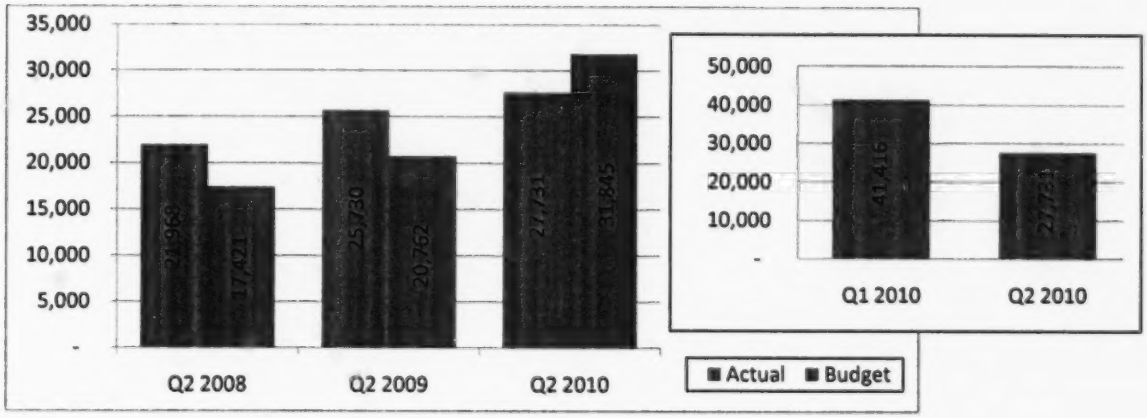
Servus Place continues to see growth in day admission revenue over the past three years. Traditionally Q1 is the highest revenue month for day admissions. The trend of day admission revenues continue to be strong for 2010 however are not increasing at the same rate as what was experienced in 2009. There may be a correlation between the slight reduction in day admission revenues and the increase in membership revenue for Q2.

Servus Place Day Admissions Postal Code Breakdown for Q2 2010	May/June 2009	Q2 2010
Edmonton	26%	20%
Morinville	3%	2%
Refused	13%	4%
Outside Alberta	1%	1%
St. Albert	48%	66%
Sturgeon	2%	1%
Other Areas of Alberta	8%	7%
Total	100%	100%

* Other areas of Alberta includes Stony Plain, Fort Saskatchewan, Sherwood Park, Spruce Grove and various locations around Alberta.
**Servus Place began tracking postal codes in May of 2009, therefore the comparison to 2009 is only for May and June.

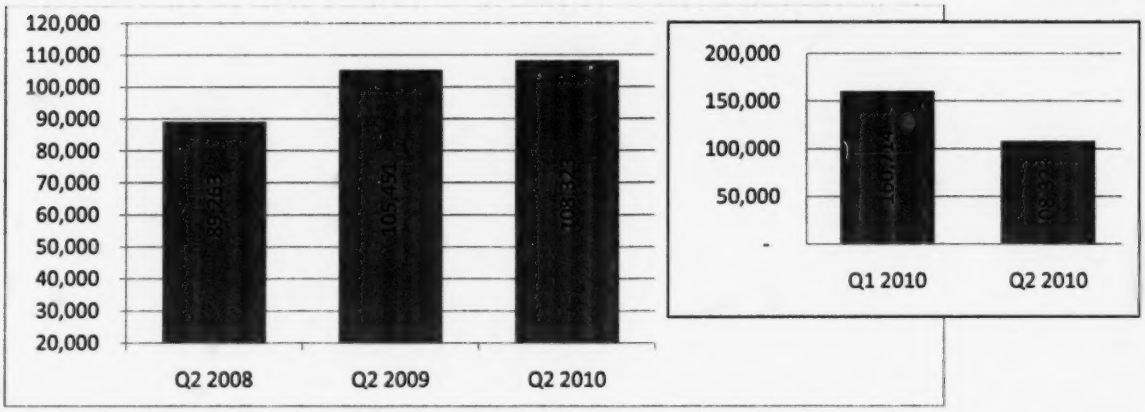
In Q2 2010, 66% of the day users were from St. Albert, an increase of 18% from May/June of 2009. There has been a significant decreased in the percentage of Edmonton day admissions, from 26% to 20% and the number of postal codes that were refused, from 13% to 4%, resulting in a more accurate representation of where the day users are coming from. All other areas have remained relatively consistent.

Paid Day Passes



In Q2 2010 total paid day passes are 27,731, which is 12.9% below budget and 7.8% above Q2 2009. The average number of paid day admissions in Q2 was 305 per day.

Total Day Uses



Total day uses for Q2 2010 were 108,323, which is 2.7% over Q2 2009, for an average of 1,190 uses per day. Day uses include both paid day passes and membership swipes.

The highest admission days for the quarter were April 12 (Easter Sunday) with 1,531 users, May 5 with 1,744 users and May 23 (Rainmaker Rodeo weekend) with 1,574 users,

Fitness & Wellness Centre

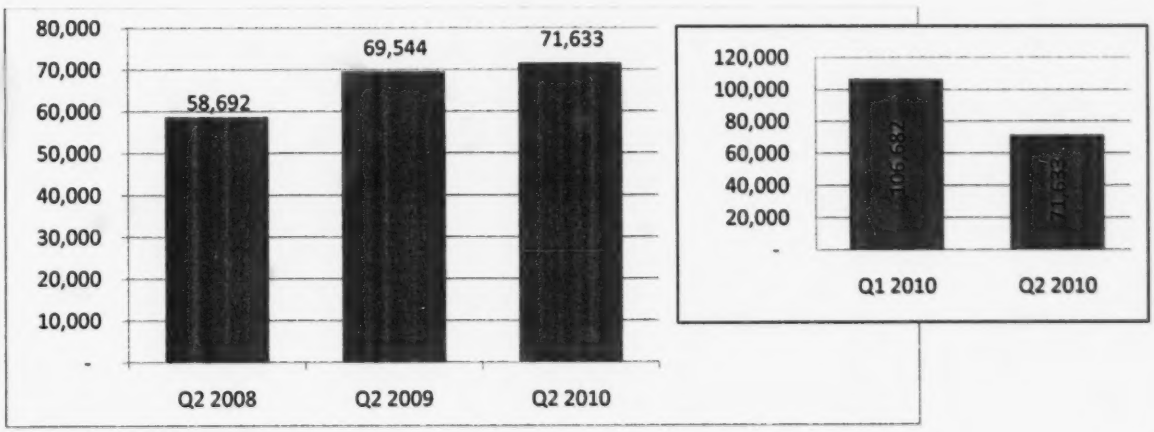
Fitness & Wellness Centre	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	YTD 2010 Actual
Fitness Centre Users	58,692	69,544	71,633	178,315
Daily Average of Fitness Centre Users	645	766	806	979

In Q2 2010, there were 71,633 fitness centre users, which is 3.0% above Q2 2009.

The Fitness Centre was closed June 28 and 29 to perform regular maintenance, major cleaning of equipment and areas, replacing lighting, painting and more. The facility is expected to be well maintained to retain as well as attract new members and users.

Attendance in the Fitness & Wellness Centre has seen a slight increase over Q2 in 2009 and 2008. Historically, the usage of this area is slightly reduced as compared to Q1 however the Fitness Centre is achieving average participation totals of 64 and 70 between the peak times of 8-11am and 4-8 pm.

Fitness Centre Users



Landrex Water Play Park

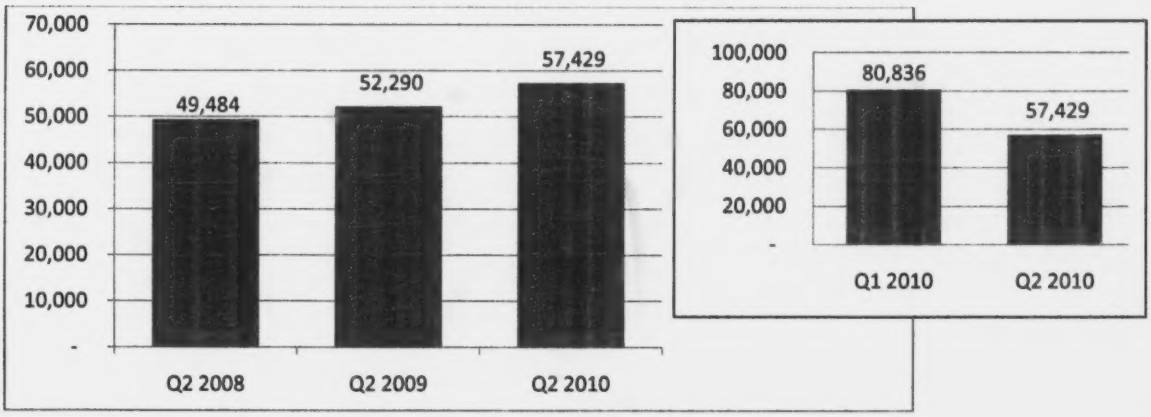
Water Play Centre Use	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	YTD 2010 Total
Water Play Centre Users	49,484	52,290	57,429	138,265
Daily Average	N/A	576	638	768
Servus Place Play Pass Swipes at FPRC	7,172	5,321	6,301	12,536
Servus Place Play Pass Swipes at Grosvenor	371	284	487	487
Total	**7,543**	**5,605**	**6,788**	**13,023**

In Q2 2010, there were 57,429 users of the Water Play Centre, an increase of 9.8% from Q2 2009. The highest attendance days were April 11 with 1,374 users and April 25 with 1,503 users.

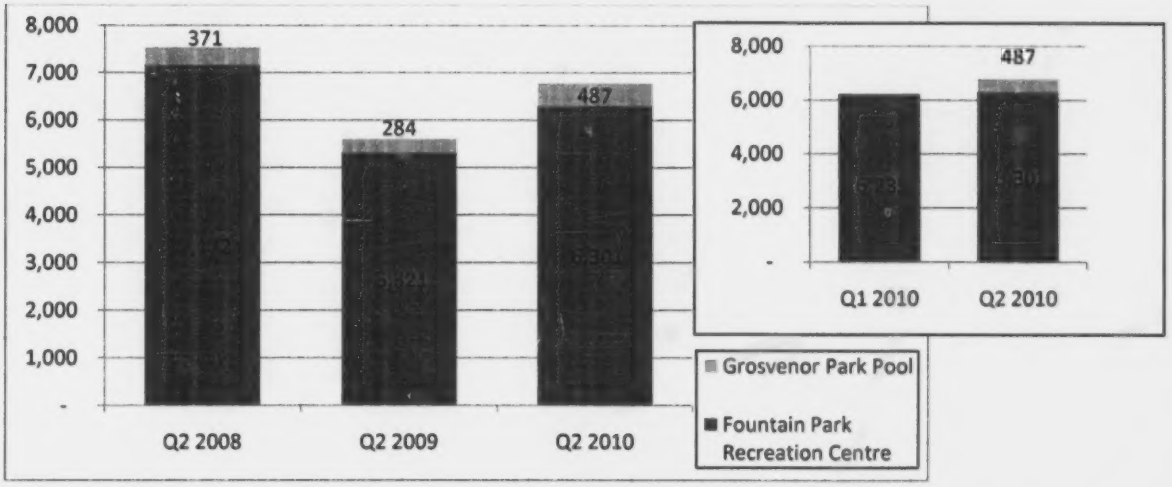
The annual Spruce Up of the Landrex Water Play Centre took place from May 25 to June 6. The Spruce Up included:

- Re-grouting of the leisure pool, east and west whirlpools and family change room
- Repainting of slide structure, play features and walls
- Thorough cleaning of all deck and pool areas
- New impellers on pumps
- Desopure (cleaning of sand) in all filters
- New additions of safety features including:
    - Sauna and lazy river
    - Mirror for monitoring slide safety
    - Tiling indicating pool drop-off
    - New lights over leisure deep end
    - And much more

Actual Water Play Park Users



Servus Place Annual Member Swipes at Fountain Park Recreation Centre and Grosvenor Park Pool



In Q2 2010, member uses were recorded at 6,301 at Fountain Park Recreation Centre. Grosvenor Pool opened for the season on May 22 and had 487 users in Q2. This is a 71.5% increase at Grosvenor Pool and an 18.4% increase at Fountain Park from the second quarter of 2009.

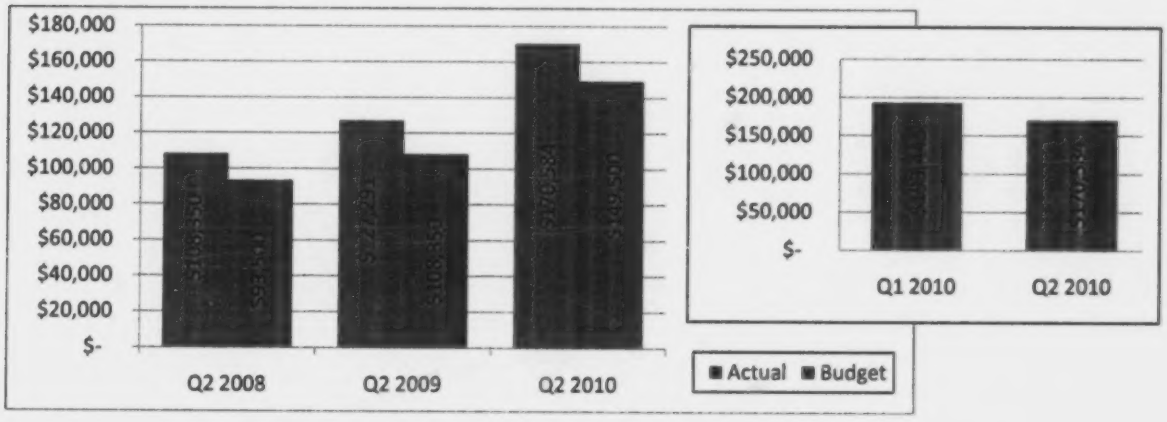
Lesson Fees

Lesson Fees	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Fitness	$ 77,750	$ 105,934	$ 138,792	$ 107,900	$ 30,892	$ 278,759	$ 220,200	$ 58,559
Recreation	$ 30,600	$ 21,357	$ 31,792	$ 41,600	$ (9,808)	$ 85,270	$ 103,800	$ (18,530)
Net Revenue	**$ 108,350**	**$ 127,291**	**$ 170,584**	**$ 149,500**	**$ 21,084**	**$ 364,029**	**$ 324,000**	**$ 40,029**

Overall lesson fee revenue is exceeding budget by 14.1% for Q2.

Fitness program revenues continue to be quite strong which can be attributed to a strong base of core programs combined with a strong variety of new program options. Recreation program revenues are under budget based on the inhereted 3150 cost centre budget in 2009 which has been identified as beng overstated based on current and previous years actual revenues.

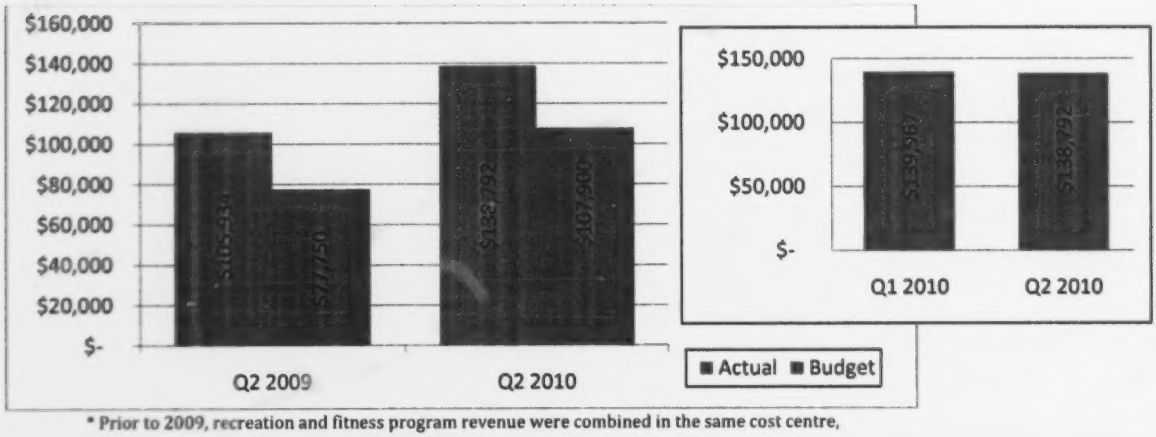
Lesson Fees Revenue



Fitness Programs

In Q2 2010 fitness program revenue is $138,792 which is 28.6% above budget and 31.0% over Q2 2009. This variance can be directly attributed to a strong base of core programs, an increased number of programs and increased program participation, combined with a strong variety of new program options built upon a strong reputation for quality programs

Fitness Program Revenue



* Prior to 2009, recreation and fitness program revenue were combined in the same cost centre,

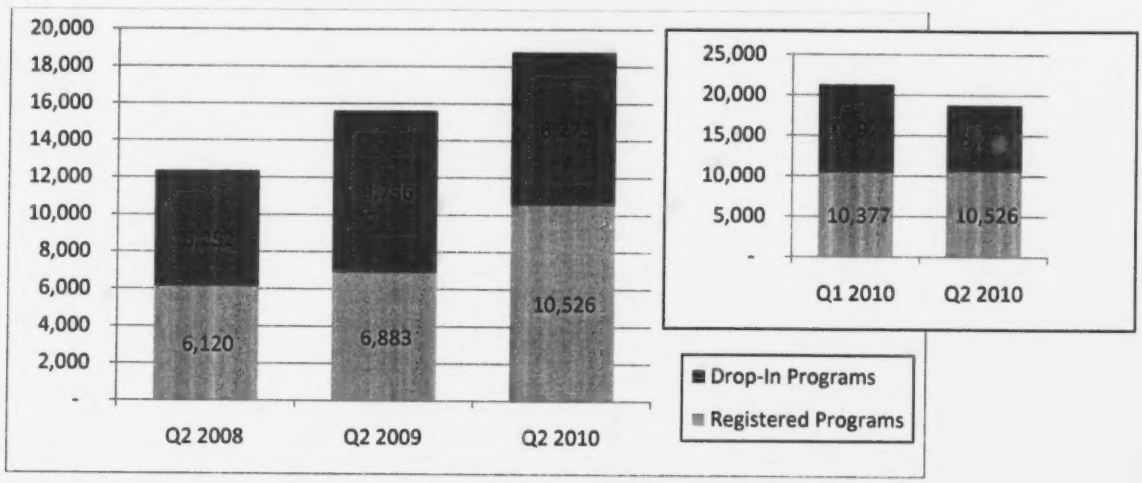
The revenues for Q2 compared to Q1 typically trend lower however Servus Place has seen increased revenue in Q2 over the past three years.

Popular registered fitness programs in Q2 2010 include Bigger Loser, Zumba, TRX, Early Morning Bootcamp, Registered Spin, Spinesis and the Dove Self Esteem Workshop.

The Dove Real Beauty Workshop took place on June 26 at 100% capacity with 16 girls and 16 female mentors. This workshop is designed to promote positive self esteem within girls ages 8-13 and their adult female mentors.

Popular drop-in fitness programs in Q2 2010 include Serv'n Up Stairs and Maximum Muscle.

Fitness Program Participants



This quarter continued to see strong participation numbers in all registered fitness programs over Q2 of 2009 with an overall increase of 52.9%. This is attributed to a greater number and variety of program offerings. This quarter has also seen participation rates similar to the previous quarter.

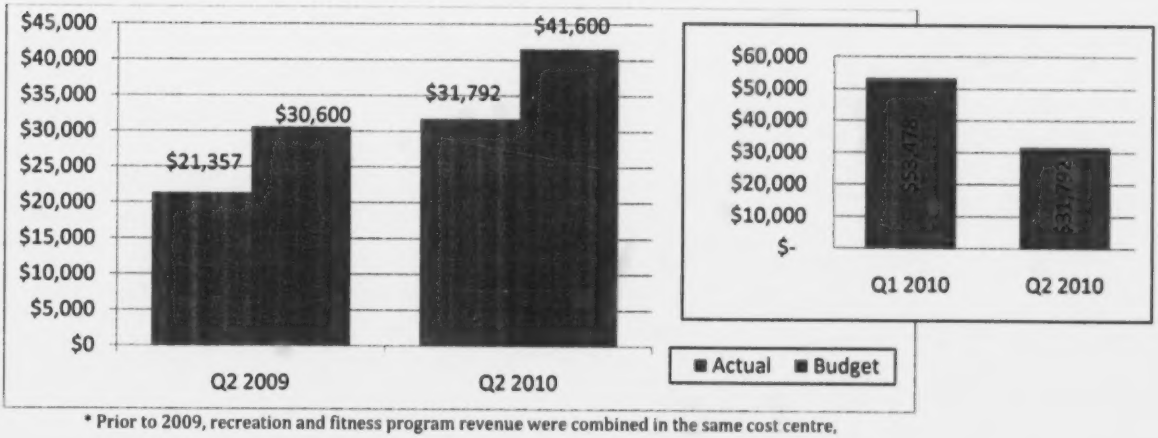
Drop-in program participants are consistent for the quarter and are quite comparable to Q2 of 2009. The decrease in participation numbers from Q1 to Q2 is based on the seasonal usage trends

Recreation Programs

Recreation program revenue for Q2 2010 is $31,792, which is 23.6% below budget. This variance is primarily due to the budget inherited in 2009 of cost centre 3150 amalgamated with 3166 and the associated revenue targets. These overstated budget revenues are being addressed within the 2011 budget submission process.

Typical seasonal trends are for lower revenues in Q2 as compared to Q1.

Recreation Program Revenue



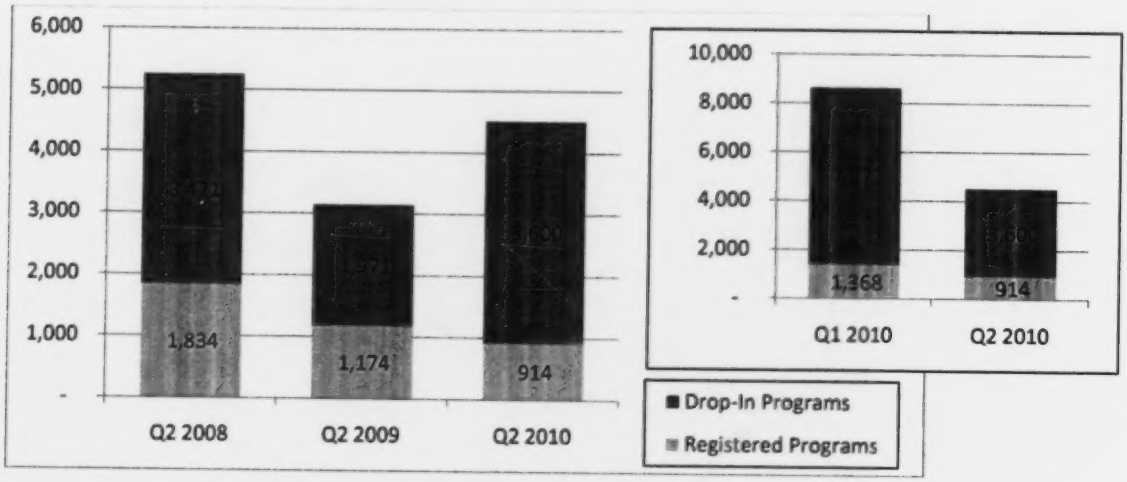
* Prior to 2009, recreation and fitness program revenue were combined in the same cost centre.

Servus Place Recreation Programs

Popular Servus Place drop-in recreation programs in Q2 2010 include Adult, 50+, 60+ and Youth Shinny and Parent & Tot.

Popular Servus Place registered recreation programs in Q2 2010 include Animal Antics, Coffee and Crayon. Inspired Indian cooking class, Shake my Sillies Out, and Sports of all Sorts.

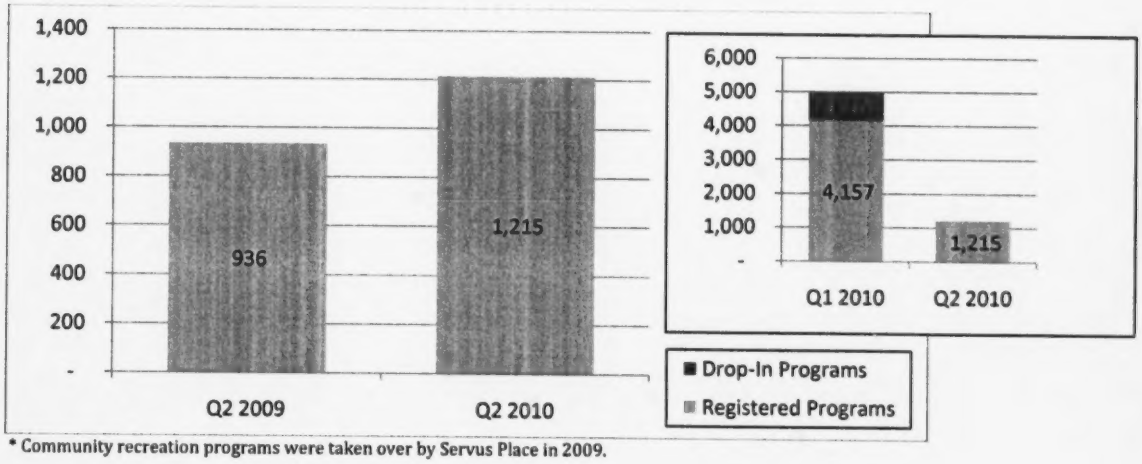
Participants in Servus Place Recreation Programs



Community Recreation Programs

The most popular community recreation programs were the Doodles and Play & Learn.

Participants in Community Recreation Programs*



* Community recreation programs were taken over by Servus Place in 2009.

This quarter saw a large decrease of community recreation drop-in participants from Q1 to Q2 due exclusively to the completion of the Learn to Skate programs in the last quarter.

In collaboration with City recreation staff, Servus Place recreation staff hosted a station at City of St. Albert's Arbour Day celebration. Two summer recreation leaders coordinated nature themed parachute and tag games for over 500 grade-one children from St. Albert who participated. Additional marketing of summer opportunities for children was done to the schools attending Arbour Day.

Rentals

Facility Rental Revenue	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Arenas	$ 133,719	$ 113,670	$ 162,205	$ 124,200	$ 38,005	$ 407,170	$ 382,500	$ 24,670
Fieldhouses	$ 28,068	$ 41,164	$ 48,895	$ 41,200	$ 7,695	$ 180,703	$ 146,500	$ 34,203
Gyms	$ 9,789	$ 8,058	$ 14,973	$ 8,000	$ 6,973	$ 26,620	$ 18,500	$ 8,120
Meeting rooms	$ 13,200	$ 11,056	$ 22,320	$ 9,100	$ 13,220	$ 33,421	$ 23,800	$ 9,621
Leaseholders	$ 26,337	$ 39,820	$ 56,665	$ 68,400	$ (11,735)	$ 115,090	$ 136,600	$ (21,510)
Parties	$ 10,745	$ 10,365	$ 3,699	$ 9,600	$ (5,901)	$ 12,239	$ 19,700	$ (7,461)
Refurbishment Charges*	$ -	$ -	$ 10,852	$ 3,900	$ 6,952	$ 28,845	$ 11,900	$ 16,945
Total	**$ 221,857**	**$ 224,132**	**$ 319,609**	**$ 264,400**	**$ 55,209**	**$ 804,088**	**$ 739,500**	**$ 64,588**

* In 2008 and 2009, refurbishment charges were not broken out separately but included in the rental revenue for each floorplate.

Overall rental revenue has exceeded budget by 20.9% for Q2. Servus Place anticipates that use patterns for last half of 2010 will be comparable to 2009 and revenues ending the year slightly higher than budget projections.

Meeting room revenue is higher than budget projections for Q2 due to the Canadian Traffic Education School booking meeting rooms in conjunction with rental of the parking lot.

Leaseholder revenue is under budget due to the 2010 budget being set before new tenants were acquired for the two vacant lease spaces in the facility.

In 2008 and 2009, refurbishment charges were included in the rental revenue for each floorplate. In 2010, the refurbishment charges are broken out separately from the rental revenue.

Q2 Events:

- April 2 – 4 – NW Eagles Hockey Tournament – The St. Albert Steel partnered with the NW Eagles Hockey group to host their 20th annual tournament. St. Albert hosted 25 games, with approximately 500 participants.
- April 9 – 11 – Scotia Bank Pro Am – Adult recreation hockey tournament which is the largest annual fundraiser for Alzheimer's in Canada. Participating in the events were 24 teams of approximately 16 players. Approximately 3,000 spectators attended the two day event.
- April 9 – 11 – Alberta Provincial Gymnastics Championships – Over 500 athletes from 41 different gymnastics clubs throughout the province participated in the Championship. Approximately 1800 spectators took in the three day event.
- April 9 – 11 – Chamber of Commerce Lifestyle Expo Trade Show – 237 booths were sold and approximately 4,000 attended over the three days.
- April 23 – 25 – Blues Lacrosse Annual Tournament – This tournament used Akinsdale Arena and all three Servus Place arenas. Participants range from six to adult from across Alberta. Approximately 2,000 people came through the building during the tournament.
- April 24 – 25 – Northern Lights Wheelchair Basketball Tournament – This tournament had its debut here at Servus Place. Four teams are involved and the group hopes to expand their numbers next year. Approximately 60 people participated.
- May 1 – 2 – Desa Karate Tournament – Annual Spirit of the North Karate Tournament. Approximately 600 attendees over the two days.

- May 7 – 9 – St. Albert Inline Hockey Tournament – This is the first time this organization held a tournament here. It consists of two days of play with approximately 300 people.

- May 19 – Servus Place hosted Meeting of the Minds, which brought together over 130 participants from 22 facilities across Alberta for a day of information and best practice sharing.

- May 20 – Continental Cup of Curling - Canadian Curling Association and TSN site visit and meetings – Representatives from the CCA and TSN were in St. Albert on May 20 to perform a site visit and meet with local representatives. Location of the TSN broadcast Centre, camera positions, ice technical logistics and power requirements were just a few of the items reviewed. TSN will broadcast 11 curling draws live from Servus Place Performance Arena from January 13 – 17, 2011, involving the top men's and women's teams from North America and Europe. The Troy Murray Arena will be transformed into the hub of social gathering and entertainment. Tickets for the event will go on sale October 16.

- May 21 – 23 – Métis Spring Dance Festival – This is the first time this organization held the festival here. Approximately 2,400 people attended over the three days.

- June 5 – Take it or Leave it – Annual event put on by the City of St. Albert, in which residents are able to "leave it" by bringing large items destined for the trash bin to a common location where other residents are given an opportunity to "take it". The City then disposes of items that are left behind.

- June 11 – 13 – Baggataway Lacrosse Tournament – This tournament runs for three days and utilized Akinsdale Arena and all three Servus Place arenas. The participant age range is from four to adult. Approximately 1,000 people attended this tournament.

- June 12 – Ride for Dad Motorcycle Ride – Checkstop Fundraiser dedicated to fighting prostate cancer. Over 1,800 bikes participated.

- June 13 – Servus Place Annual All Staff Meeting was held with over 150 staff members attending. The agenda covered topics including a review of 2009 stats and financials, Health & Safety Emergency Evacuation training and staff teambuilding.

- June 5, 6, 12, 13, 17, 18, 19, 20, 24, 25, 26, 27 – Canadian Traffic Education School – Held motorcycle safety training classes in the north parking lot. The class has now expanded from not only a Saturday/Sunday session but now has a second session offered on Thursday/Friday. Approximately 20 participants per two day course.

Prime time hours effective September 1, 2009 are explained in the chart below:

	Prime Time		Non Prime Times	
Days of the week	Monday, Tuesday, Wednesday, Thursday, Friday	Saturday, Sunday	Monday, Tuesday, Wednesday, Thursday, Friday	Saturday, Sunday
Times	4:30pm – 11:00pm	7:00am – 11:00pm	11:01am – 4:29pm	11:01am – 6:59am

Arena

Arena	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	2010 YTD Variance
Hours rented	1,340	1,615	1,706	1,538	168	4,124	3,694	430
Hours programmed/maint.	146	487	922	416	506	1,844	1,391	453
Total hours used	1,486	2,102	2,628	1,954	674	5,968	5,085	883
Total hours available	4,524	4,360	5,046	5,045	1	10,122	9,890	232
% Utilized Total	**33%**	**48%**	**52%**	**39%**	**13%**	**25%**	**51%**	**-26%**
Prime time hours rented	1,126	1,333	1,228	1,174	54	3,095	2,894	201
Prim time Hours programmed/maint.	42	317	319	306	13	701	764	-63
Prime time hours used	1,167	1,650	1,547	1,480	67	3,796	3,658	138
Prime time hours available	2,243	2,636	2,512	2,516	-4	5,009	5,166	-157
% Utilized Prime Time	**52%**	**63%**	**62%**	**59%**	**3%**	**56%**	**71%**	**-15%**
Revenue	**$133,719**	**$113,670**	**$162,205**	**$124,200**	**$ 38,005**	**$407,170**	**$382,500**	**$ 24,670**

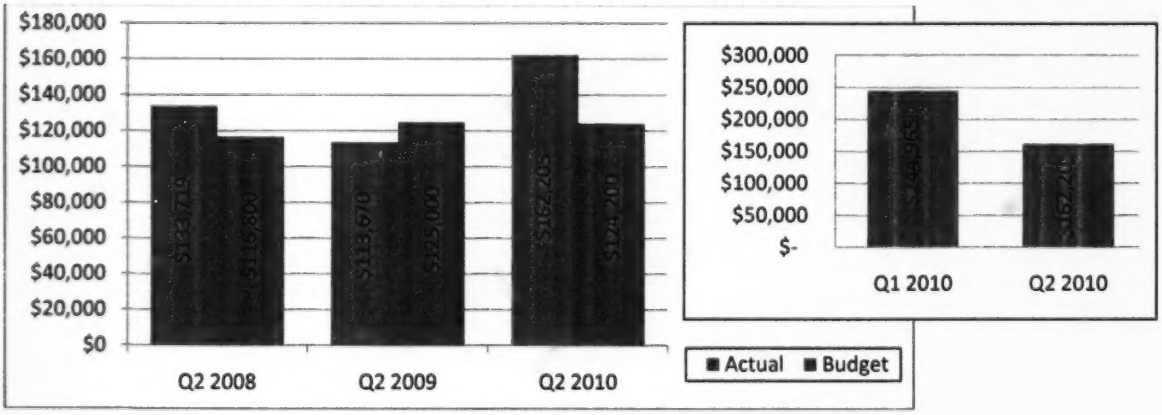
* In 2008 and 2009, refurbishment charges were not broken out separately but included in the rental revenue for each floorplate.

Major events in April, including the Scotiabank Pro Am and Gymnastics Provincial Championships contributed to higher activity. With the exception of early April when ice was removed to accommodate the Chamber Trade show, a second sheet of ice was operated through the second quarter. The second sheet of ice resulted in increased use by a hockey development client (Your Hockey) and Edmonton Men's Hockey league and thusly higher revenue.

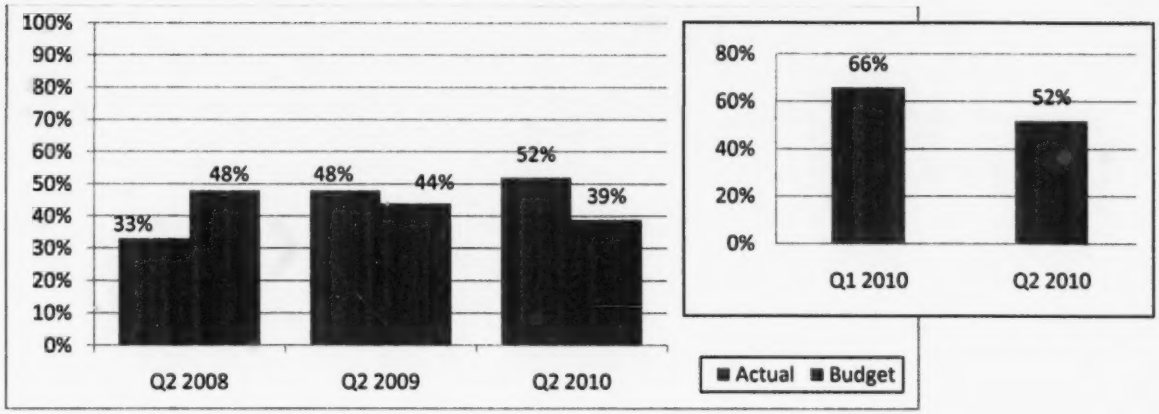
Revenue received through increased use and the higher rates charged for the arena with ice (as opposed to lower rates that are charged for dry floor) will contribute to a higher projection of overall revenue to the end of 2010. Servus Place anticipates the last half of 2010 to be comparable to 2009.

In 2008 and 2009, refurbishment charges were included in the rental revenue for each floorplate. In 2010, the refurbishment charges are broken out separately from the rental revenue.

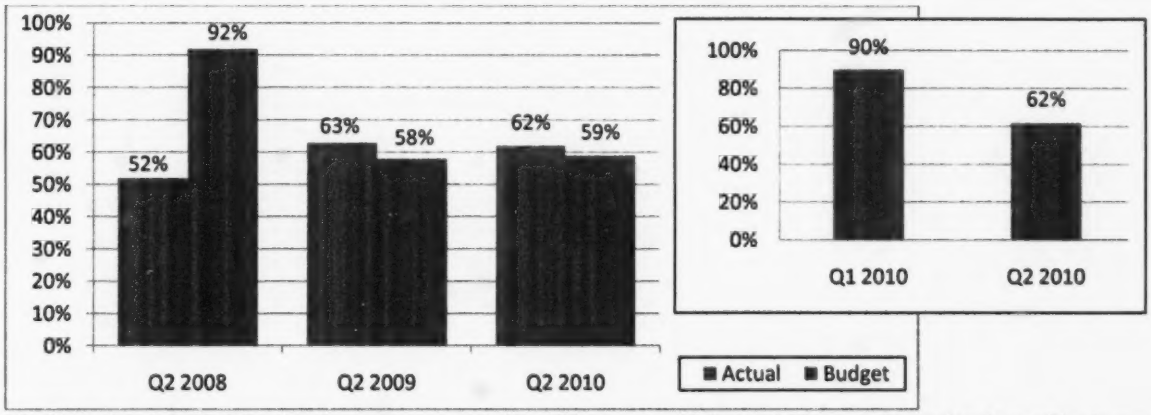
Arena Rental Revenue



Arena Total Utilization



Arena Primetime Utilization



* On September 1, 2008, Primetime house were extended by 1.5 hours on weekdays and 1 hour on the weekends, resulting in more primetime hours available and lower utilization.

Fieldhouses

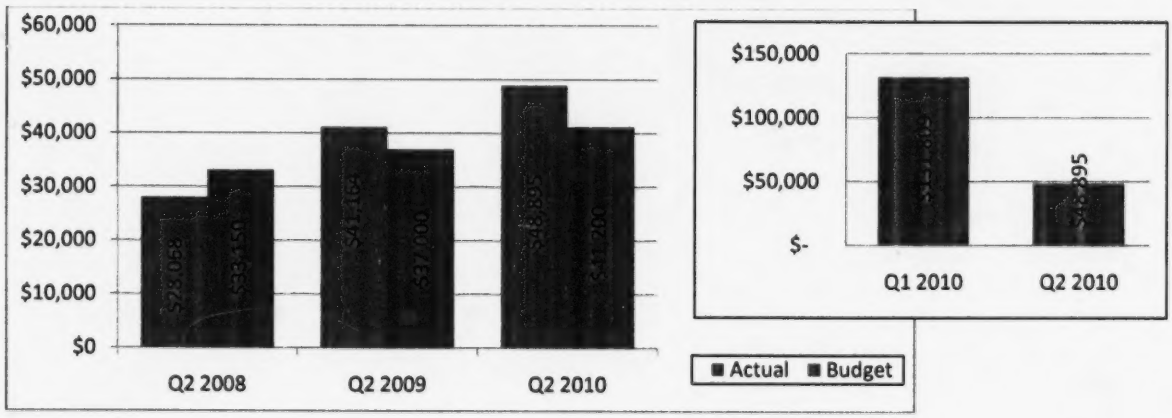
Fieldhouse	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	2010 YTD Variance
Hours rented	625	957	1,039	957	82	2,397	2,092	305
Hours programmed/maint.	385	318	370	318	52	739	740	-1
Total hours used	1,010	1,275	1,409	1,275	134	3,136	2,832	304
Total hours available	3,023	3,008	3,234	3,107	127	6,433	6,264	169
% Utilized Total	**33%**	**42%**	**44%**	**41%**	**3%**	**38%**	**45%**	**-7%**
Prime time hours rented	583	772	887	772	115	2,039	1,759	280
Primetime Hours programmed/maint.	146	178	99	178	-79	221	358	-137
Total Prime time hours used	729	950	986	950	36	2,260	2,117	143
Prime time hours available	1,495	1,523	1,650	1,523	127	3,289	3,112	177
% Utilized Prime Time	**49%**	**62%**	**60%**	**62%**	**-3%**	**65%**	**68%**	**-3%**
Revenue	**$ 28,068**	**$ 41,164**	**$ 48,895**	**$ 41,200**	**$ 7,695**	**$180,703**	**$146,500**	**$ 34,203**

* In 2008 and 2009, refurbishment charges were not broken out separately but included in the rental revenue for each floorplate.

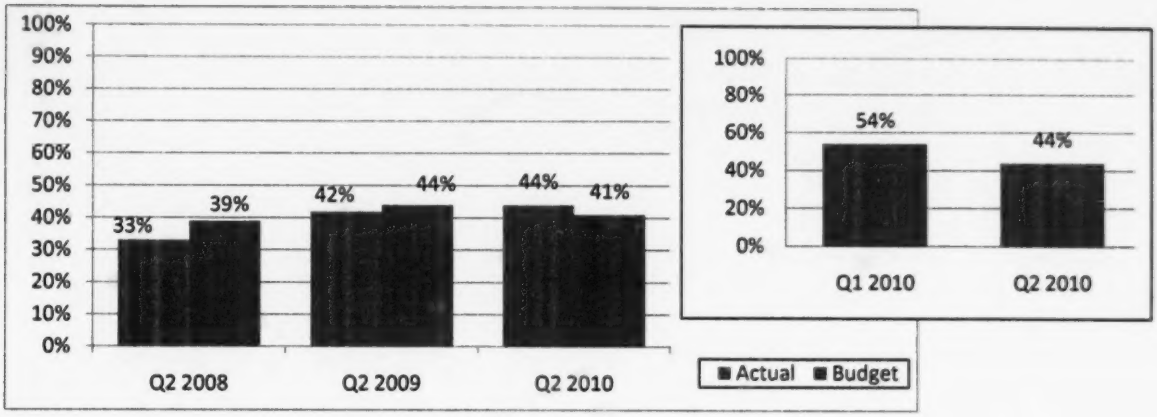
The variance in fieldhouse revenue is due to increased overall activity by inline hockey, ball hockey, lacrosse and developmental dry land training (Your Hockey). Many events were held on the fieldhouse space in Q2 including the Chamber of Commerce Trade Show, Blues Lacrosse Tournament, Desa Karate, Inline Hockey Tournament, Lacrosse Baggataway and Métis Dance Festival.

Servus Place anticipate for the last half of year use will be comparable to 2009, however the increased revenue experienced in the first six months will result in higher than budgeted revenue at year end.

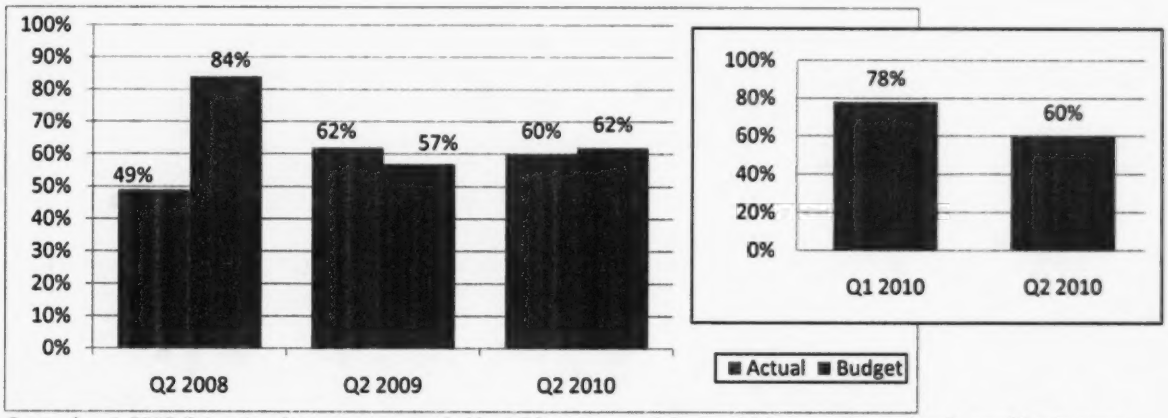
Fieldhouse Rental Revenue



Fieldhouse Total Utilization



Fieldhouse Primetime Utilization



* On September 1, 2008, Primetime house were extended by 1.5 hours on weekdays and 1 hour on the weekends, resulting in more primetime hours available and lower utilization.

Gyms

Gymnasiums	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	2010 YTD Variance
Hours rented	245	211	369	211	159	666	499	168
Hours programmed/maint.	579	882	663	882	-219	1,543	1,881	-338
Hours of spontaneous use	2,464	1,642	2,379	2,048	331	3,883	4,057	-174
Total hours used	3,287	2,735	3,411	2,735	677	6,092	5,811	282
Total hours available	4,563	4,395	4,563	4,395	168	9,075	8,907	168
% Utilized Total	**72%**	**62%**	**75%**	**62%**	**13%**	**50%**	**65%**	**-15%**
Prime time hours rented	178	174	250	174	76	479	424	55
Primetime Hours programmed/maint.	311	467	443	467	-25	1,019	995	24
Prime time hours of spontaneous use	1,184	996	1,118	1,085	33	1,886	2,146	-260
Total Prime time hours used	1,673	1,637	1,810	1,726	84	3,383	3,565	-182
Prime time hours available	2,243	2,328	2,340	2,328	12	4,644	4,712	-68
% Utilized Prime Time	**75%**	**70%**	**77%**	**74%**	**3%**	**71%**	**76%**	**-5%**
Revenue	**$ 9,789**	**$ 8,058**	**$ 14,973**	**$ 8,000**	**$ 6,973**	**$ 26,620**	**$ 18,500**	**$ 8,120**

* In 2008 and 2009, refurbishment charges were not broken out separately but included in the rental revenue for each floorplate.

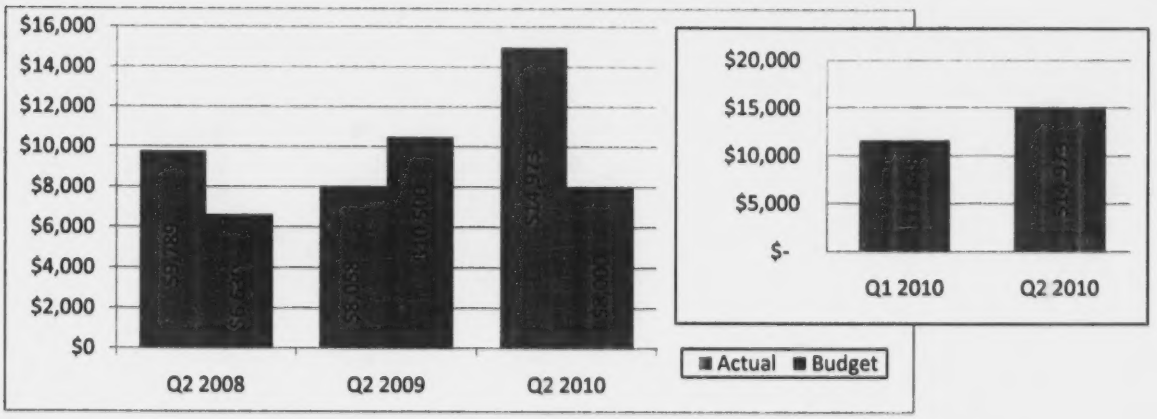
The variance in gymnasium rentals for Q2 is due to increased use for pre season sessions by sport partners: Slam basketball and Fastball. Events such as the Provincial Gymnastics, Desa Karate Tournament and developmental dry land training (Your Hockey) also contributed to higher revenues.

Servus Place anticipate for remainder of the year use will be comparable to use in 2009, however, the increased revenue experienced in Q2 will result in higher than budgeted revenue at year end.

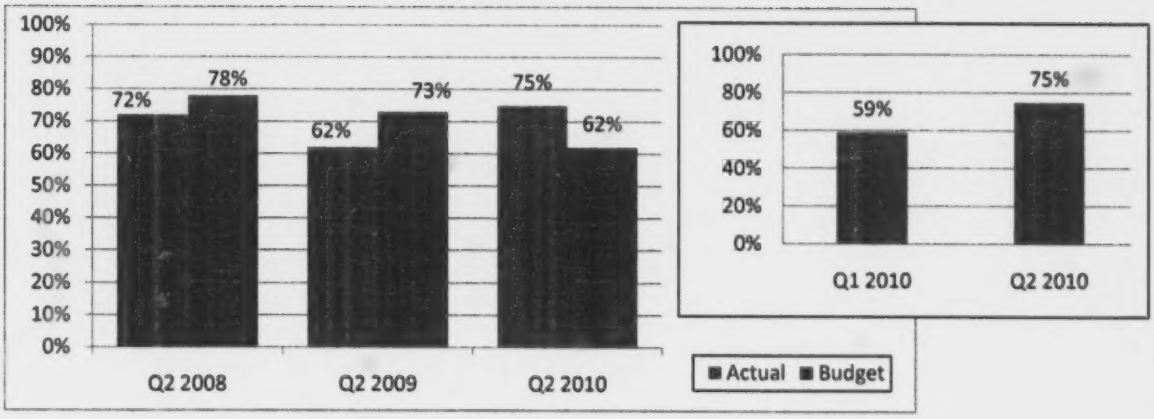
Gymnasium rental revenue is limited due to the availability of only one court for booking and limited demand from groups. Gymnasium rental revenue is only brought in on rental hours. Programmed, maintenance and spontaneous use does not bring revenue directly into facility rentals. Revenue for these hours is realized under program revenue or viewed as a benefit of membership or day admission.

As membership and day admissions grow, there is increased use of the gymnasiums for drop-in and spontaneous activities. At times use of all three courts is required for spontaneous use.

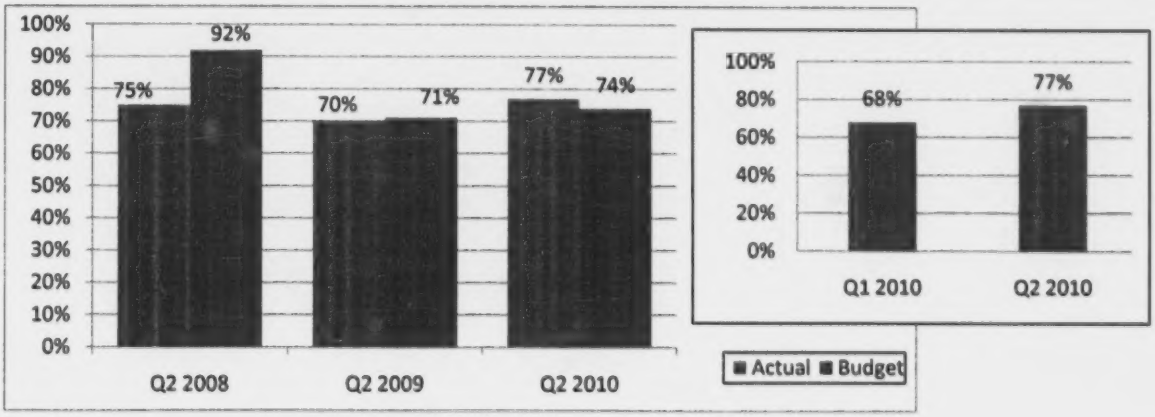
Gymnasium Rental Revenue



Gymnasium Total Utilization



Gymnasium Primetime Utilization



Advertising, Fundraising and Sponsorship

Advertising, Fundraising and Sponsorship Inventory	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Total Spaces Sold	N/A	N/A	126	137	-11	121	137	-17
Total Complimentary Spaces	N/A	N/A	8	0	8	10	0	10
Total Internal Spaces	N/A	N/A	10	0	10	11	0	11
Total Spaces Used	144	132	144	137	7	141	137	4
Total Space Available	197	197	197	197	0	197	197	0
% of Space Used	73%	67%	73%	70%	3%	71%	70%	2%

* Previous to 2010, Servus Place was using a different method of tracking advertising spaces, therefore there is only a comparison for the total spaces used and total available spaces.

Complementary spaces are those given in kind to community groups and sport partners, e.g. St Albert Ringette.

Q2 2010 Advertising Inventory

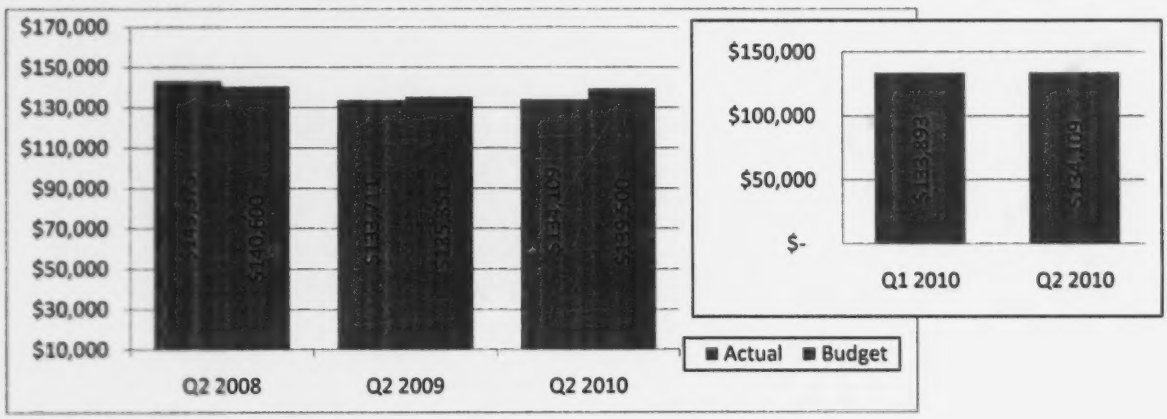
Advertising Fundraising and Sponsorship Inventory	Performance Arena	Mark Messier Arena	Troy Murray Arena	Sarasota fieldhouse	Pizza 73 fieldhouse	Community Gym	Information Boards	LCD Screens	Akinsdale Arena	Total
Total Spaces Sold	35	22	19	14	13	4	1	3	14	126
Total Complimentary Spaces	0	1	2	0	1	0	0	0	4	8
Total Internal Spaces	2	1	0	1	2	0	0	3	1	10
Total Spaces Used	37	24	21	15	16	4	1	6	19	144
Total Space Available	57	29	29	22	22	4	6	6	29	204
% of Space Sold	65%	83%	72%	70%	74%	100%	11%	100%	67%	70%

Advertising, Fundraising and Sponsorship Revenue	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Advertising Revenue	$ 45,335	$ 38,911	$ 39,209	$ 40,600	$ (1,391)	$ 77,352	$ 79,200	$ (1,848)
Fundraising/Sponsorship	$ 98,040	$ 94,800	$ 94,900	$ 98,900	$ (4,000)	$190,650	$194,700	$ (4,050)
Total Revenue	**$143,375**	**$133,711**	**$134,109**	**$139,500**	**$(5,391)**	**$268,002**	**$273,900**	**$(5,898)**

Advertising, fundraising and sponsorship revenue for Q2 2010 is very close to budget.

Added 2 new advertising contracts in Q2 for three new rink boards and 3 LCD screen. All advertisers who were due for renewal were renewed with the exception of AMA who is looking for an opportunity to extend their reach through sponsorship which we are actively exploring.

Advertising and Sponsorship

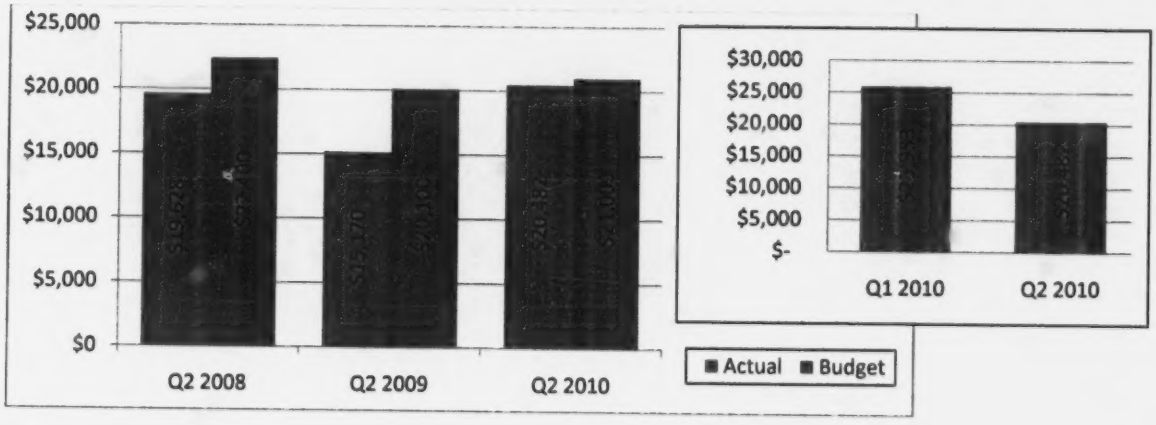


Commissions & Vending

Commissions and Vending	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Vending Commission	$ 12,928	$ 11,188	$ 12,719	$ 13,500	$ (781)	$ 28,564	$ 28,600	$ (36)
Locker Total Revenue	$ 6,400	$ 3,088	$ 6,322	$ 7,500	$ (1,178)	$ 15,240	$ 15,000	$ 240
Guest Services	$ 300	$ 514	$ 633	$ -	$ 633	$ 1,100	$ -	$ 1,100
Miscellaneous	$ -	$ 380	$ 808	$ -	$ 808	$ 1,531	$ -	$ 1,531
Total Revenue	**$ 19,628**	**$ 15,170**	**$ 20,482**	**$ 21,000**	**$ (518)**	**$ 46,435**	**$ 43,600**	**$ 2,835**

Commissions and vending revenue is on budget in Q2 2010. YTD revenue is slightly above budget.

Commissions & Vending Revenue



Expense Analysis

Total expenses for Q2 2010 are $1,783,951. Total expense variance for Q2 was $3,449 (-0.2%) below budget projections.

* Personnel Costs are above budget projections by $12,429 (1.3%).
* Contracted & General Services are below budget projections by $46,504 (-24.7%).
* Utilities are below budget projections by $509 (-0.3%).
* Materials, Goods & Supplies are below budget projections by $19,390 (-19.9%).
* Transfer to Reserves is above budget by $6,952 (178.3%)
* Transfer to Operations - Aquatics is above budget projections by $33,019 (18.6%).
* Transfer to Operations - Public Works is above budget projections by $10,554 (5.8%).

Total expenses for YTD 2010 are $3,667,069. Total expense variance for YTD 2010 was $ 17,031 (-0.4%) below budget projections.

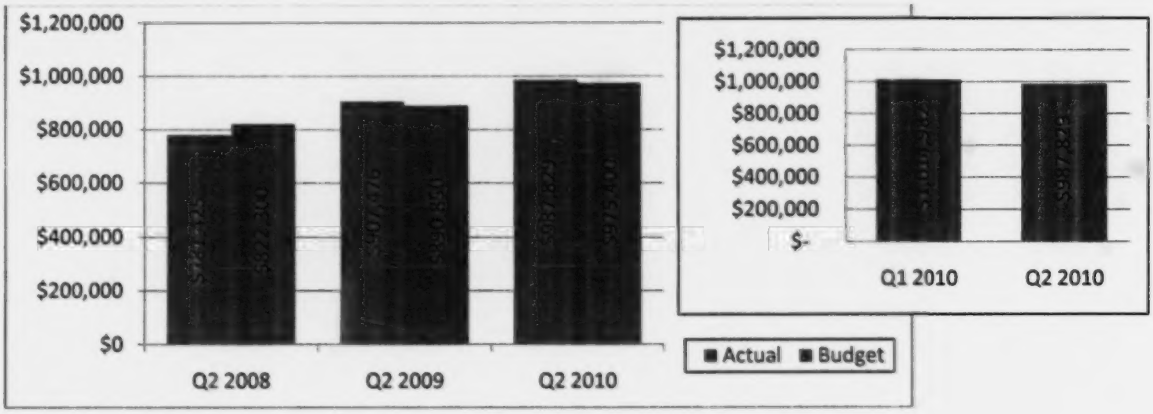
* Personnel Costs are above budget projections by $49,811(2.6%).
* Contracted & General Services are below budget projections by $33,776 (-9.3%).
* Utilities are below budget projections by $10,543 (-2.5%).
* Materials, Goods & Supplies are below budget projections by $42,427 (-20.3%).
* Transfer to Reserves is above budget by $16,945 (142.4%)
* Transfer to Operations - Aquatics is below budget projections by $6,911 (-1.9%).
* Transfer to Operations - Public Works is above budget projections by $9,870 (2.7%).

Personnel Costs

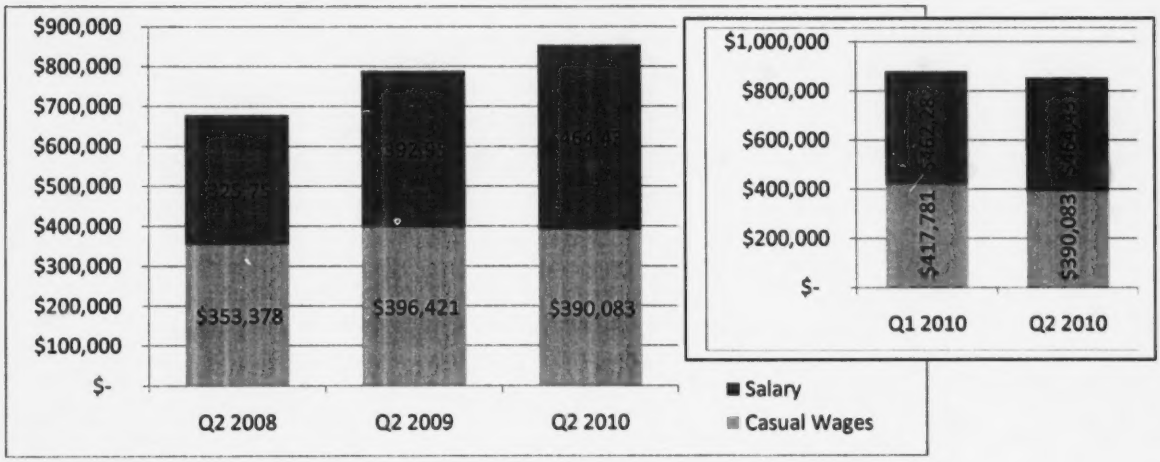
Personnel Costs	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Salary	$ 325,759	$ 392,959	$ 464,437	$ 470,400	$ (5,963)	$ 926,719	$ 942,400	$ (15,681)
Casual Wages	$ 353,378	$ 396,421	$ 390,083	$ 372,000	$ 18,083	$ 807,864	$ 744,600	$ 63,264
Total Salary and Casual Wages	**$679,137**	**$789,380**	**$854,520**	**$842,400**	**$ 12,120**	**$1,734,583**	**$1,687,000**	**$ 47,583**
Benefits	$ 102,288	$ 118,096	$ 133,309	$ 133,000	$ 309	$ 268,228	$ 266,000	$ 2,228
Total Revenue	**$781,425**	**$907,476**	**$987,829**	**$975,400**	**$ 12,429**	**$2,002,811**	**$1,953,000**	**$ 49,811**

Increase in casual wages is due in part to the increase in programs being run and the additional need for casual staff to support the many events that were held in Q2 2010 and to maintain the cleanliness of the facilty with increased traffic volumes.

Personnel Costs



Salaries & Casual Wages



Personnel by Cost Centre	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Administration	$ 54,579	$ 56,267	$ 62,572	$ 57,200	$ 5,372	$ 122,813	$ 114,500	$ 8,313
Operations	$ 148,902	$ 173,219	$ 211,067	$ 206,300	$ 4,767	$ 450,041	$ 424,700	$ 25,341
Recreation	$ 259,592	$ 89,038	$ 117,689	$ 124,600	$ (6,911)	$ 236,461	$ 242,200	$ (5,739)
Fitness	$ -	$ 184,360	$ 205,319	$ 186,600	$ 18,719	$ 405,848	$ 366,000	$ 39,848
Business & Marketing	$ 70,640	$ 40,850	$ 31,291	$ 51,000	$(19,709)	$ 79,570	$ 102,100	$ (22,530)
Bookings and Events	$ -	$ 60,634	$ 67,851	$ 61,100	$ 6,751	$ 129,681	$ 121,700	$ 7,981
Guest Services	$ 145,424	$ 185,012	$ 158,731	$ 155,600	$ 3,131	$ 310,169	$ 315,800	$ (5,631)
Subtotal	**$679,137**	**$789,380**	**$854,520**	**$842,400**	**$ 12,120**	**$1,734,583**	**$1,687,000**	**$ 47,583**
Benefits	$ 102,288	$ 118,096	$ 133,309	$ 133,000	$ 309	$ 268,228	$ 266,000	$ 2,228
Total Personnel Costs	**$781,425**	**$907,476**	**$987,829**	**$975,400**	**$ 12,429**	**$2,002,811**	**$1,953,000**	**$ 49,811**

Restructuring in 2008 and 2009 which included moving functional areas such as hosts/facility monitors from Guest Services to Operations, seperating Recreation and Fitness as opposed to having them grouped together and seperating Business & Marketing from Booking & Events.

The variance in Business & Marketing personnel costs is due to the vacant Advertising & Sponsorship Coordinator position which will be filled in August. It is expected that July will show similar savings and the remainder of the year will be as budgeted.

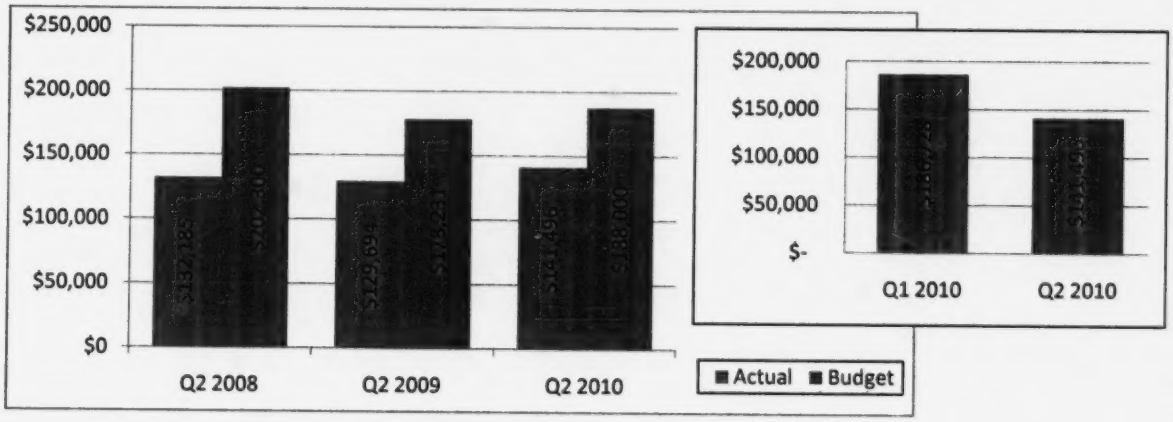
The fitness personnel cost variance for Q2 and YTD are due to increased registered program offerings.

Contracted & General Services

Contracted & General Services	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
	$ 132,185	$ 129,694	$ 141,496	$ 188,000	$ (46,504)	$ 328,224	$ 362,000	$ (33,776)

The Q2 variance in contracted and general services is mainly due to timing of initatives in advertising and promotion and development and training. Servus Place anticipates that this account will come in on budget for 2010.

Contracted & General Services Expenses



Utilities

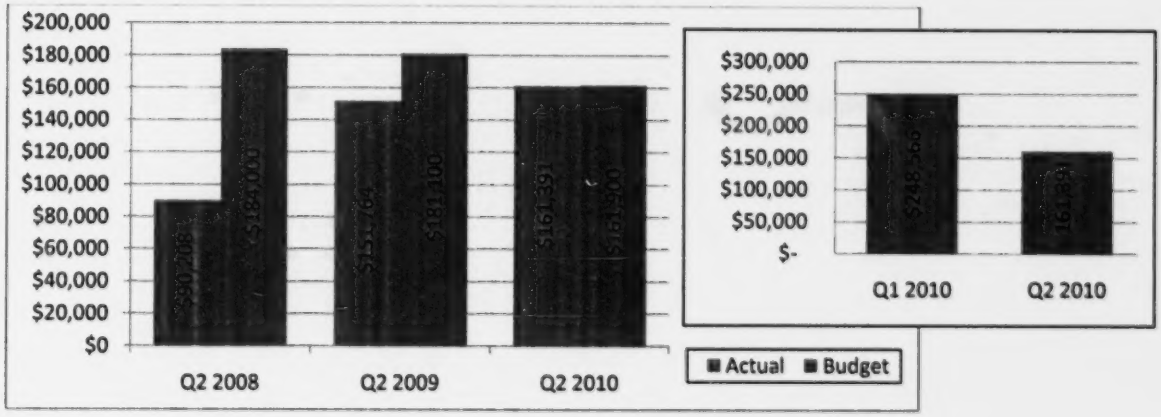
Utilities	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Natural Gas	$ 24,759	$ 31,095	$ 29,126	$ 35,900	$ (6,774)	$ 123,809	$ 135,700	$(11,891)
Water, Wastewater and Solid Waste	$ 11,392	$ 18,585	$ 23,557	$ 22,700	$ 857	$ 45,034	$ 46,300	$ (1,266)
Electricity	$ 89,052	$ 98,315	$ 107,881	$ 97,400	$ 10,481	$ 236,081	$ 226,700	$ 9,381
Telephone and Cable	$(34,994)	$ 3,769	$ 827	$ 5,900	$ (5,073)	$ 5,033	$ 11,800	$ (6,767)
Total	**$ 90,208**	**$151,764**	**$161,391**	**$161,900**	**$ (509)**	**$409,957**	**$420,500**	**$(10,543)**

Utility costs for Q2 2010 are on budget.

The YTD variance in utility costs is due primarily to the decrease in the cost of natural gas as well as due to a corporate initiative where all expenses for landline phones are being paid through Information Technology Services. All that will remain under the telephone and cable area is cell phones/blackberry's and cable.

The 2010 utilities indicated above are based on estimates due to the delay between receiving the utility bills and the monthly reporting. When the bills are received all previously used estimates will be updated with the actuals.

Utilities Expenses (Gas, Water and Electricity)



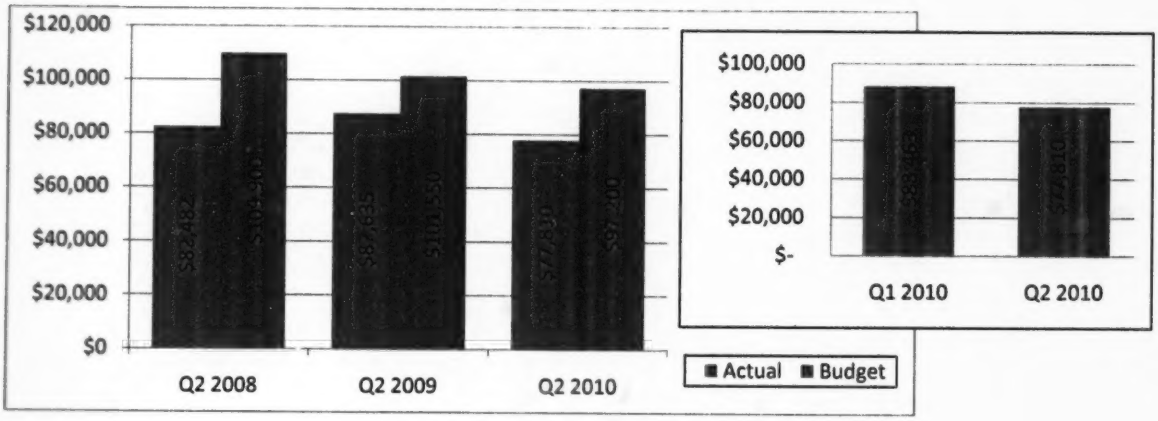
Materials, Goods & Supplies

Materials, Goods & Supplies	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
	$ 82,482	$ 87,635	$ 77,810	$ 97,200	$(19,390)	$ 166,273	$ 208,700	$(42,427)

Materials, goods and supplies are under budget by $19,930 due to decreased expenses in bank charges, operating supplies in Administration and program supplies in both Recreation and Fitness. Servus Place anticipates this area will come in on budget for 2010.

Although the YTD variance is below budget, increased events and traffic within the building have required additional costs for janitorial supplies, carpet cleaning and floor waxing. Additional unanticipated expenses include repairs to paint, domestic hot water tanks, Wye-Delta starter and ceiling fans.

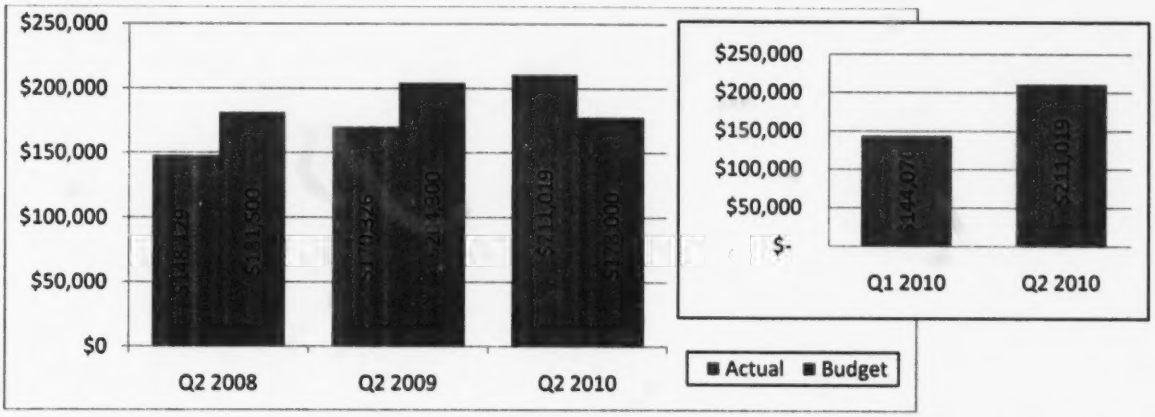
Materials, Good & Supplies Expenses



Transfer to Aquatics, Public Works & Corporate Services

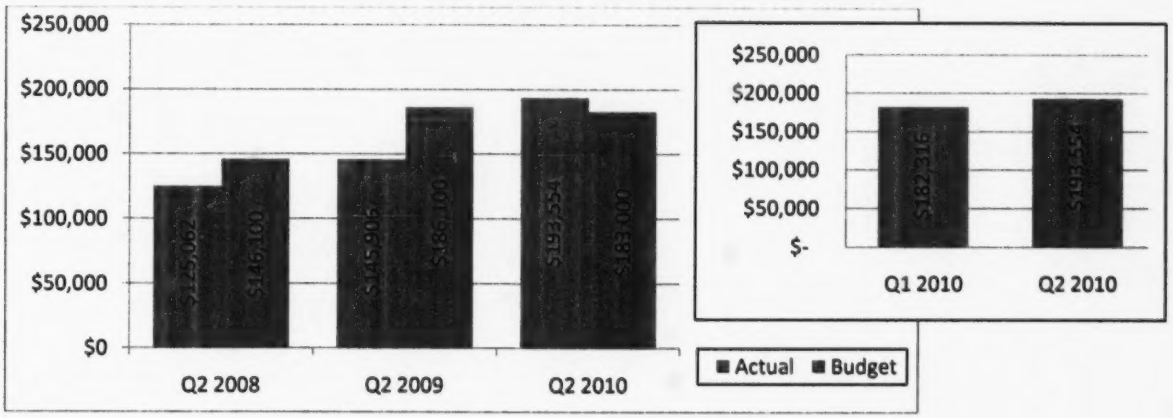
Internal Contracts	Q2 2008 Actual	Q2 2009 Actual	Q2 2010 Actual	Q2 2010 Budget	Q2 2010 Variance	YTD 2010 Actual	YTD 2010 Budget	YTD 2010 Variance
Aquatics Internal Contracts	$ 148,129	$ 170,326	$ 211,019	$ 178,000	$ 33,019	$ 355,089	$ 362,000	$ (6,911)
Public Works Internal Contracts	$ 125,062	$ 145,906	$ 193,554	$ 183,000	$ 10,554	$ 375,870	$ 366,000	$ 9,870
Total Internal Contracts	**$273,191**	**$316,232**	**$404,573**	**$361,000**	**$ 43,573**	**$730,959**	**$728,000**	**$ 2,959**

Aquatics Internal Contracts



The variance in aquatics internal contracts is due to timing of initiatives as well as additional labour required during the "Spruce Up".

Public Works Internal Contracts



Transfer to public works internal contracts is over budget due to timing of initiatives.

2010 Lifecycle, Capital and Infrastructure Report

Lifecycle Project	Estimated Completion Date	Status
Landscaping	September 01, 2010	95% complete
Painting within facility	August 01, 2010	90 % complete
Refinish cedar walls in arenas	July 01, 2010	Complete
Replacement of tack & white boards	July 01, 2010	Complete
Replacement of interior signage	July 1, 2010	Complete
Replacement of ice melt system in Campbell arena	May 31, 2010	Complete
Replacement of plumbing fixtures	July 31, 2010	75% complete

Capital Projects 2010	Estimated Completion Date	Status
Servus Place Fitness and Wellness Expansion- Phase 1 Functional plan and conceptual design	September 2010	CEI Architecture continues to work through the functional plan and conceptual design process. The conceptual design and report are currently being revised and finalized.
Arena railing system	October 1, 2010	Currently receiving quotes
Pulastic floor study	December 2010	CEI Architecture has provided some preliminary design and costing comments. Consultation is still required.
Additional security cameras	July 2012	Start December 2010
Water Play Centre Murals	2011	Deferred to 2011 due to timing of the Art in Public Places process and the annual pool shutdown.